

**CITY OF BELLEVUE
BELLEVUE, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2005**

**CITY OF BELLEVUE
BELLEVUE, IOWA**

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**CITY OF BELLEVUE
BELLEVUE, IOWA**

OFFICIALS

Name	Title	Term Expires
(Before January 2005 Election)		
Virgil Murray	Mayor	January 2008
Roger Michels	Council Member	January 2006
Willard Meyer	Council Member	January 2006
Tom Roth	Council Member	January 2008
Michael Roth	Council Member	January 2008
Lucy Zeimet	Council Member	January 2008
Loras Herrig	Administrator	July 2005
Janet Callaghan	City Clerk	July 2005
Mark Lawson	Attorney	July 2005
(After January 2005 Election)		
Virgil Murray	Mayor	January 2008
Roger Michels	Council Member	January 2006
Willard Meyer	Council Member	January 2006
Tom Roth	Council Member	Resigned
Michael Dempewolf	Council Member	January 2008
Michael Roth	Council Member	Resigned
Frank Frieberg	Council Member	January 2006
Lucy Zeimet	Council Member	January 2008
Loras Herrig	Administrator	July 2006
Janet Callaghan	City Clerk	July 2006
Mark Lawson	Attorney	July 2006

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Bellevue, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Bellevue's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the remaining aggregate fund information of the City of Bellevue as of June 30, 2005, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 13, 2005, on our consideration of the City of Bellevue's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of management and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bellevue's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

O'CONNOR, BROOKS & CO., P.C.

Dubuque, Iowa
September 13, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Bellevue provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2005 FINANCIAL HIGHLIGHTS

- Receipts included \$498,867 in property tax, \$66,993 in TIF, \$141,572 in local option tax, \$195,393 in road use tax, and \$12,321 in interest.
- Disbursements decreased 3.5% in Fiscal 2005 from Fiscal 2004, a total of \$152,063. Disbursements in governmental activities actually decreased 12.4%, a total of \$215,470, while proprietary expenditures increased \$63,407 or 2.4%.
- The City's total cash basis net assets increased \$41,203 or 2.8% from June 30, 2004 to June 30, 2005. Of this amount, the assets of the governmental activities increased \$109,623 and the assets of the business type activities decreased \$68,420.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds and proprietary funds.

Basis of Accounting

The City maintains its financial records of the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

The Statements of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government and debt service, and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include water, sewer, electric, garbage, ambulance service, and cable television. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. They focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund; 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2. Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business-type activities. The City maintains ten Enterprise Funds to provide separate information for the water, sewer, electric, garbage, ambulance, cable television, and customer deposits funds.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, from \$629,531 to \$743,620.

Changes in Cash Basis Net Assets of Governmental Activities

	Year ended June 30,	
	2005	2004
Receipts and transfers:		
Program Receipts:		
Charges for services	45,611	58,259
Operating grants, contributions and restricted interest	285,575	224,824
Capital grants, contributions and restricted interest	205,415	123,487
General Receipts:		
Property tax	498,867	487,876
Tax increment financing	66,993	67,051
Local option sales tax	141,572	154,642
Unrestricted investment earnings	12,321	62,388
Note proceeds	0	200,000
Other general receipts	95,128	48,470
Transfers, net	280,459	267,869
Total receipts and transfers	1,631,941	1,694,866
Disbursements:		
Public safety	358,504	374,221
Public works	336,235	292,279
Culture and recreation	373,284	552,543
Community and economic development	12,630	9,259
General government	259,011	259,108
Debt service	182,654	199,858
Capital projects	0	50,520
Total disbursements	1,522,318	1,737,788
Increase (decrease) in cash basis net assets	109,623	(42,922)
Cash basis net assets beginning of year	629,531	672,453
Prior period adjustment	4,466	0
Cash basis net assets end of year	743,620	629,531

Total receipts for the City's governmental activities decreased by 3.7%, or \$62,925. The total cost of all programs and services decreased by 12.4% or \$215,470. The decrease was primarily as a result of a construction project the city completed in 2004 in our municipal parks. In 2005, there were no major construction projects in our park system.

The cost of all governmental activities this year was \$1,522,318 compared to \$1,737,788 last year. Once again, this is the result of reduced construction activity in 2005 compared to 2004.

Changes in Cash Basis Net Assets of Business Type Activities

	Year Ended June 30,	
	2005	2004
Receipts:		
Program receipts:		
Charge for services:		
Water	193,984	198,112
Electric	1,518,494	1,403,563
Sewer rental	384,196	387,354
Sanitation	238,250	222,880
Ambulance	57,423	56,417
Cable TV	409,156	391,066
Customer deposits	8,295	0
Operating grants, contributions and restricted interest	9,126	6,600
Capital grants, contributions and restricted interest	50,823	44,057
General receipts:		
Unrestricted interest on investments	15,658	14,259
Miscellaneous	46,117	47,316
Total receipts	<u>2,931,522</u>	<u>2,771,624</u>
Disbursements and transfers:		
Water	133,875	226,263
Electric	1,376,054	1,375,291
Sewer rental	353,101	404,185
Electric – capital improvement	194,295	11,438
Sanitation	275,103	200,235
Ambulance	87,949	142,918
Cable TV	292,387	288,671
Customer's deposits	6,719	7,075
Transfers, net	280,459	267,869
Total disbursements and transfers	<u>2,999,942</u>	<u>2,923,945</u>
Decrease in cash basis net assets	(68,420)	(152,321)
Cash basis net assets beginning of year	<u>868,178</u>	<u>1,020,499</u>
Cash basis net assets end of year	<u>799,758</u>	<u>868,178</u>

Total business type activities disbursements and transfers for the fiscal year were \$2,999,942 compared to \$2,923,945 last year. The increase was due primarily to a large increase in our electric department. In 2005, we began paying substantially more for electricity that we purchase. The increased rates are expected to continue into the future.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Bellevue completed the year, its governmental funds reported a combined fund balance of \$743,620, an increase of \$114,089 from last year's total. The following are the major reasons for the changes in fund balances of the major funds from the previous year.

- The General Fund increased substantially as anticipated expenses did not occur. Most of these expenses are expected to occur in FY2006.

INDIVIDUAL MAJOR BUSINESS-TYPE FUND ANALYSIS

- The Water Fund cash balance increased from \$61,420 to \$107,488. This was accomplished by reduced construction activity and an increase in water revenue from increased usage by customers.
- The Electric Fund cash balance increased from \$332,910 to \$335,492. This minor increase occurred because of increasing customer usage.
- The Sewer Fund cash balance increased from \$55,802 to \$63,816. Once again, this is a result of reduced operating expenses and growth in overall revenue caused by increased customer usage.
- The Ambulance Fund cash balance decreased from \$61,867 to \$9,122. The decrease occurred because the ambulance department purchased a new ambulance.
- The Cable TV Fund increased from \$35,600 to \$103,263. This is the result of our debt being paid off and no longer making payments. It is anticipated these funds will be used entirely for new construction in the coming years.
- The Sanitation Fund had a decrease of \$52,745, which represented the purchase of a new sanitation truck.

DEBT ADMINISTRATION

At June 30, 2005, the city had \$1,893,648 in long-term debt, compared to \$2,155,214 last year, as shown below.

Outstanding Debt at Year-end

	June 30,	
	2005	2004
General obligation notes	541,652	652,468
Urban renewal tax increment	14,288	40,949
Revenue bonds	1,145,000	1,245,000
Other obligations	192,708	216,797
Total	1,893,648	2,155,214

Normal payments were made on all existing notes.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$555,940 is significantly below its constitutional debt limit of \$4,421,979. However, we do anticipate borrowing almost \$1,500,000 in FY2006 for street and other construction projects.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Numerous issues were taken into account when adopting the budget for fiscal year 2006. Total revenues anticipated are \$4,553,906, a decrease from 2005 where total actual revenues were \$4,864,716. Property tax revenue is expected to increase from \$498,867 to \$633,242. Expenditures are projected to total \$8,688,593. If all projections are realized, the City's cash balance is expected to be decrease significantly as excess reserves are used to complete major capital projects.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Loras Herrig, City Administrator, 106 N. Third Street, Bellevue IA 52031 or 563-872-4456.

**BASIC
FINANCIAL
STATEMENTS**

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government			Component Unit
					Governmental Activities	Business Type Activities	Total	
Functions/Programs:								
Primary Government:								
Governmental Activities:								
Public safety	\$ 358,504	\$ 7,348	\$ 51,241	\$ 12,009	\$ (287,906)	\$ ---	\$ (287,906)	\$ ---
Public works	336,235	---	195,393	---	(140,842)	---	(140,842)	---
Culture and recreation	373,284	21,201	38,941	193,406	(119,736)	---	(119,736)	---
Community and economic development	12,630	---	---	---	(12,630)	---	(12,630)	---
General government	259,011	17,062	---	---	(241,949)	---	(241,949)	---
Debt service	182,654	---	---	---	(182,654)	---	(182,654)	---
Total Governmental Activities	\$ 1,522,318	\$ 45,611	\$ 285,575	\$ 205,415	\$ (985,717)	\$ ---	\$ (985,717)	\$ ---
Business Type Activities:								
Water	\$ 133,875	\$ 193,984	\$ ---	\$ ---	\$ ---	\$ 60,109	\$ 60,109	\$ ---
Electric	1,376,054	1,518,494	---	22,061	---	164,501	164,501	---
Sewer rental	353,101	384,196	---	---	---	31,095	31,095	---
Electric - capital equipment	194,295	---	---	---	---	(194,295)	(194,295)	---
Sanitation	275,103	238,250	---	---	---	(36,853)	(36,853)	---
Ambulance	87,949	57,423	9,126	28,762	---	7,362	7,362	---
Cable TV	292,387	409,156	---	---	---	116,769	116,769	---
Customer's deposits	6,719	8,295	---	---	---	1,576	1,576	---
Total Business Type Activities	\$ 2,719,483	\$ 2,809,798	\$ 9,126	\$ 50,823	\$ ---	\$ 150,264	\$ 150,264	\$ ---
Total Primary Government	\$ 4,241,801	\$ 2,855,409	\$ 294,701	\$ 256,238	\$ (985,717)	\$ 150,264	\$ (835,453)	\$ ---

See notes to financial statements.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

					Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			

					Primary Government			

					Governmental	Business Type		Component
					Activities	Activities	Total	Unit
					-----	-----	-----	-----
Functions/Programs: (Continued)	Disbursements	Charges for	Operating	Capital				
Component Unit:		Services	Grants &	Grants &				
			Contributions	Contributions				
					</			

See notes to financial statements.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

	Program Receipts				Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
	Disbursements	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Component Unit
	-----	-----	-----	-----	-----	-----	-----
Cash Basis Net Assets:							
Restricted:							
Streets					\$ 96,167	\$ ---	\$ 96,167
Debt service					54,435	---	54,435
Other purposes					2,000	---	2,000
Unrestricted					591,018	799,758	1,390,776
					-----	-----	-----
Total Cash Basis Net Assets					\$ 743,620	\$ 799,758	\$ 1,543,378
					=====	=====	=====

See notes to financial statements.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

	General	Other Nonmajor Governmental Funds	Total
	-----	-----	-----
Receipts:			
Property tax	\$ 402,912	\$ 95,955	\$ 498,867
Tax increment financing collections	---	66,993	66,993
Other city tax	70,786	70,786	141,572
Licenses and permits	9,760	---	9,760
Use of money and property	16,003	3,620	19,623
Intergovernmental	232,991	197,726	430,717
Charges for services	27,336	---	27,336
Miscellaneous	35,114	60,112	95,226
	-----	-----	-----
Total Receipts	\$ 794,902	\$ 495,192	\$ 1,290,094
	-----	-----	-----
Disbursements:			
Operating:			
Public safety	\$ 334,108	\$ 24,396	\$ 358,504
Public works	61,239	274,996	336,235
Culture and recreation	359,463	13,821	373,284
Community and economic development	12,630	---	12,630
General government	259,011	---	259,011
Debt service:			
Principal	---	131,566	131,566
Interest and fiscal charges	---	12,430	12,430
Developer agreements	---	38,658	38,658
	-----	-----	-----
Total Disbursements	\$ 1,026,451	\$ 495,867	\$ 1,522,318
	-----	-----	-----
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ (231,549)	\$ (675)	\$ (232,224)
	-----	-----	-----
Other Financing Sources (Uses):			
Sale of capital assets	\$ 52,388	\$ 9,000	\$ 61,388
Operating transfers in	319,896	66,479	386,375
Operating transfers out	(46,380)	(59,536)	(105,916)
	-----	-----	-----
Total Other Financing Sources (Uses)	\$ 325,904	\$ 15,943	\$ 341,847
	-----	-----	-----
Net Change in Cash Balances	\$ 94,355	\$ 15,268	\$ 109,623
	-----	-----	-----
Cash Balances Beginning of Year	\$ 469,449	\$ 160,082	\$ 629,531
Prior Period Adjustment	4,466	---	4,466
	-----	-----	-----
Cash Balances Beginning of Year, as restated	\$ 473,915	\$ 160,082	\$ 633,997
	-----	-----	-----
Cash Balances End of Year	\$ 568,270	\$ 175,350	\$ 743,620
	=====	=====	=====

See notes to financial statements.

EXHIBIT "B" (continued)**CITY OF BELLEVUE
BELLEVUE, IOWA****STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

	General	Other Nonmajor Governmental Funds	Total
	-----	-----	-----
Cash Basis Fund Balances:			
Reserved:			
Other	\$ 2,000	\$ ---	\$ 2,000
Unreserved:			
Designated for:			
Tennis courts	5,000	---	5,000
Police squad car	8,000	---	8,000
Employee insurance	9,388	---	9,388
General fund	543,882	---	543,882
Special revenue funds	---	131,703	131,703
Capital projects fund	---	43,647	43,647
	-----	-----	-----
Total Cash Basis Fund Balances	\$ 568,270	\$ 175,350	\$ 743,620
	=====	=====	=====

See notes to financial statements.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

	Enterprise Funds						Other Nonmajor	
	Water	Electric	Sewer Rental	Sanitation	Ambulance	Cable TV	Enterprise Funds	Total
Operating Receipts:								
Use of money and property	\$ ---	\$ 3,518	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 3,518
Charges for services	193,984	1,514,976	384,196	238,250	57,423	409,156	8,295	2,806,280
Miscellaneous	2,053	4,887	243	15	3,322	3,517	---	14,037
Total Operating Receipts	\$ 196,037	\$1,523,381	\$ 384,439	\$ 238,265	\$ 60,745	\$ 412,673	\$ 8,295	\$2,823,835
Operating Disbursements:								
Business type activities	\$ 133,875	\$1,376,054	\$ 150,193	\$ 275,103	\$ 51,856	\$ 292,387	\$ 237,107	\$2,516,575
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	\$ 62,162	\$ 147,327	\$ 234,246	\$ (36,838)	\$ 8,889	\$ 120,286	\$ (228,812)	\$ 307,260
Non-Operating Receipts (Disbursements):								
Intergovernmental	\$ ---	\$ 22,061	\$ ---	\$ ---	\$ 7,200	\$ ---	\$ 1,926	\$ 31,187
Interest on investments	1,115	6,332	1,076	129	1,848	1,389	3,769	15,658
Contributions	---	---	---	---	---	---	28,762	28,762
Interfund debt repayment	---	---	---	---	---	---	24,089	24,089
Miscellaneous	7,991	---	---	---	---	---	---	7,991
Debt service:								
Principal	---	---	---	---	---	---	(130,000)	(130,000)
Interest and fiscal charges	---	---	---	---	---	---	(72,908)	(72,908)
Total Non-Operating Receipts Disbursements	\$ 9,106	\$ 28,393	\$ 1,076	\$ 129	\$ 9,048	\$ 1,389	\$ (144,362)	\$ (95,221)
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ 71,268	\$ 175,720	\$ 235,322	\$ (36,709)	\$ 17,937	\$ 121,675	\$ (373,174)	\$ 212,039

See notes to financial statements.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

	Enterprise Funds						Other Nonmajor Enterprise Funds	Total
	Water	Electric	Sewer Rental	Sanitation	Ambulance	Cable TV		
Other Financing Sources (Uses):								
Operating transfers in	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 202,108	\$ 202,108
Operating transfers out	(25,200)	(153,138)	(227,308)	(16,036)	(6,873)	(54,012)	---	(482,567)
Total Other Financing Sources (Uses)	\$ (25,200)	\$ (153,138)	\$ (227,308)	\$ (16,036)	\$ (6,873)	\$ (54,012)	\$ 202,108	\$ (280,459)
Net Change in Cash Balances	\$ 46,068	\$ 22,582	\$ 8,014	\$ (52,745)	\$ 11,064	\$ 67,663	\$ (171,066)	\$ (68,420)
Cash Balances Beginning of Year	61,420	332,910	55,802	61,867	99,007	35,600	221,572	868,178
Cash Balances End of Year	\$ 107,488	\$ 355,492	\$ 63,816	\$ 9,122	\$ 110,071	\$ 103,263	\$ 50,506	\$ 799,758
Cash Basis Fund Balances:								
Unreserved Cash Basis Fund Balances	\$ 107,488	\$ 355,492	\$ 63,816	\$ 9,122	\$ 110,071	\$ 103,263	\$ 50,506	\$ 799,758

See notes to financial statements.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Note 1 - Summary of Significant Accounting Policies:

The City of Bellevue is a political subdivision of the State of Iowa located in Jackson County. It was first incorporated in 1851 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides, water, sewer, electric, sanitation, and cable T.V. utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Bellevue, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Bellevue (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Discretely Presented Component Unit

The Bellevue Economic and Tourism Association (BETA) is presented in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. BETA is governed by a five-member board, two of which are appointed by the City Council. See Note 16 for additional information regarding BETA.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Note 1 - Summary of Significant Accounting Policies: (Continued)

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Jackson County Assessor's Conference Board, North East Jackson County Development Corporation, Jackson County Joint E911 Service Board, and Bellevue Economic Tourism Association.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Note 1 - Summary of Significant Accounting Principles: (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds in their respective financial statements.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Electric Fund accounts for the operation and maintenance of the City's electric system.

The Sewer Rental Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Sanitation Fund is used to account for the operation and maintenance of the City's refuse collection services.

The Ambulance Fund is used to account for the operation and maintenance of the City's ambulance service.

The Cable TV Fund is used to account for the operation and maintenance of the City's cable television system.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Note 1 - Summary of Significant Accounting Principles: (Continued)

C. Measurement Focus and Basis of Accounting

The City of Bellevue maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with United States of America generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the culture and recreation, community and economic development, debt service, and business type activities functions.

Note 2 - Cash and Pooled Investments:

The City's deposits in banks at June 30, 2005, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Note 2 - Cash and Pooled Investments:

At June 30, 2005, the City had the following investments:

<u>Type</u>	<u>Fair Value</u>	<u>Maturity</u>
Birdies for Charity	\$ 15,000 =====	N/A

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

Note 3 - Notes Payable:

Annual debt service requirements to maturity for general obligation notes, revenue notes, and tax increment financing notes are as follows:

Year Ending June 30	General Obligation Notes		Revenue Notes		TIF Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	96,174	21,021	105,000	53,835	14,288	357
2007	107,309	16,738	110,000	49,215	---	---
2008	108,234	12,999	115,000	44,320	---	---
2009	114,196	8,904	120,000	39,145	---	---
2010	50,247	4,720	125,000	33,625	---	---
2011-2014	65,492	2,520	570,000	71,930	---	---
	541,652	66,902	1,145,000	292,070	14,288	357
	=====	=====	=====	=====	=====	=====

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Note 3 - Notes Payable: (Continued)

Year Ending June 30	Other Obligations		Total	
	Principal	Interest	Principal	Interest
2006	---	---	215,462	75,213
2007	24,089	---	241,398	65,953
2008	24,089	---	247,323	57,319
2009	24,089	---	258,285	48,049
2010	24,089	---	199,336	38,345
2011-2014	96,352	---	731,844	74,450
	192,708	---	1,893,648	359,329
	=====	=====	=====	=====

Following is a summary of the terms and conditions of the notes outstanding as of June 30, 2005.

Sewer Revenue Note:

On February 1, 1999, the City entered into a loan agreement with Ruan Securities Corporation and provided for issuance of \$1,700,000 in revenue notes.

The resolutions providing for the issuance of the revenue notes include the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity of the Sanitary Sewer System and the note holders hold a lien on the future earnings of the fund.
- (b) Net revenues of the Utility will be collected in a sinking fund for the purpose of making the note principal and interest payments when due.

General Obligation Notes:

On May 10, 1999, the City entered into a loan agreement with Bellevue State Bank and provided for issuance of \$200,000 in General Obligation Corporate Purpose Notes.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Note 3 - Notes Payable: (Continued)

On January 1, 2000, the City entered into a loan agreement with Bankers Trust and provided for issuance of \$400,000 in General Obligation Sewer Improvement Notes.

On July 23, 2001, the City entered into a loan agreement with Maquoketa Valley Electric Cooperative and provided for issuance of \$102,467 in General Obligation Corporate Purpose Notes.

On December 29, 2003, the City entered into a loan agreement with Bellevue State Bank and provided for issuance of \$200,000 in General Obligation Community/Senior Center Notes.

Urban Renewal Tax Increment Financing Note:

On January 30, 1998, the City entered into a loan agreement with Bellevue State Bank and provided for issuance of \$219,000 in Park and 12th Street Paving Project Notes.

The funding to retire the notes will be provided by a tax levy on all taxable property in the City in sufficient amounts, but not limited to, to pay the principal of and interest on the notes as they come due.

Other Obligations:

On February 1, 2004, the City of Bellevue entered into an agreement to repay the Electric Capital Improvement Fund \$240,886 expended for municipal water and sewer improvements for an area annexed on the northerly city limits of Bellevue. This amount will be repaid in annual installments of \$24,089 with the final payment due June 1, 2014.

Note 4 - Pension and Retirement Benefits:

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Note 4 - Pension and Retirement Benefits: (Continued)

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.16% and 9.23%, respectively. For the year ended June 30, 2004, the contribution rates for police employees and the City were 5.93% and 8.907%, respectively, and for the year ended 2003, the contribution rates for police employees and the City were 6.04% and 9.07%, respectively. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$51,592, \$48,286, and \$48,378, respectively, equal to the required contributions for each year.

Note 5 - Development Agreements:

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate the incremental tax paid by the developer in exchange for the construction of buildings, housing, and certain infrastructure by the developers. The obligations under several of the agreements are not subject to annual appropriation by the City Council, however, the amount of the City's obligation cannot be determined. These agreements require the City to rebate all of the incremental tax for a period not to exceed 10 years with no predetermined maximum amount to be paid. The City has rebated a total of \$139,812 of incremental tax under these agreements. The obligation under the other agreement is subject to annual appropriation by the City Council. The total to be paid by the City under this agreement is not to exceed \$28,808. No payments had been made on this agreement at June 30, 2005.

These agreements are not a general obligation of the City. However, the amount payable in the succeeding year is subject to the constitutional debt limitation of the City.

Note 6 - 28 E Agreements:

Communications Services -

On May 23, 1983, the City entered into a 28E Agreement with the City of Maquoketa. The agreement is for the purpose of providing the City of Bellevue with communication services for law enforcement and community protection purposes.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Note 6 - 28 E Agreements: (Continued)

Community Protection Services -

On May 27, 1986, the City entered into a 28E Agreement with the Cities of Maquoketa, Preston, Sabula, and Tipton. The agreement is for the purpose of providing more efficient law enforcement protection.

On April 28, 1999, the City entered into a 28E Agreement with the Bellevue Rural Fire Agency of Jackson County. The agreement is for the purpose of providing more efficient fire protection.

Landfill Operation -

In 1971 the City entered into a 28E Agreement with other Jackson County communities. The agreement is for the purpose of providing more efficient landfill operations.

Contract Law Enforcement -

In 2000, the City renewed its 28E Agreement with the Corp. of Engineers to provide increased law enforcement services during the period of May 13 - September 16, 2005 for the Pleasant Creek Recreation Area, Mississippi River Project.

Note 7 - 28 D Agreement:

Drug Task Force -

In 1997, the City entered into a 28D Agreement with various Jackson County and Jones County law enforcement agencies. The purpose of the agreement is to recognize the guidelines, terms and conditions set forth in the Iowa Code Chapter 28D relating to the interchange of federal, state, and local government employees in regards to the above 28E Drug Task Force Agreement.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Note 8 - Compensated Absences:

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. Sick leave and personal leave accumulates but is not payable upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation leave termination payments payable to employees at June 30, 2005, primarily relating to the General and Utility Funds, is as follows:

Type of Benefit -----	Amount -----
Vacation	\$ 45,826 =====

The liability has been computed based on rates of pay as of June 30, 2005.

Note 9 - Interfund Transfers:

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

Transfer to -----	Transfer from -----	Amount -----
General	Special Revenue:	
	Employee Benefits	\$ 39,437
	Enterprise:	
	Water	25,200
	Electric	153,138
	Sewer Rental	25,200
	Sanitation	16,036
	Ambulance	6,873
	Cable TV	54,012

		\$ 319,896

Debt Service	General	\$ 46,380
	Special Revenue:	
	LOT - Street Improvement	20,099

		\$ 66,479

Enterprise:	Enterprise:	
Sewer Capital	Sewer Rental	\$ 202,108

Total		\$ 588,483 =====

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Note 9 - Interfund Transfers: (Continued)

Transfers are used to (1) move resources from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move "in lieu of tax" payments from the enterprise funds.

Note 10 - Risk Management:

The City of Bellevue is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 509 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Note 10 - Risk Management: (Continued)

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2005 were \$91,892.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

Note 11 - Construction in Progress:

The City entered into a contract totaling \$42,058 for a parking lot project. One change order was executed during fiscal year 2005 in the amount of \$(409). No payments had been made as of June 30, 2005.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Note 12 - Deficit Fund Balance:

The Special Revenue, TIF District Fund had a deficit balance of \$19,845. The deficit balance is a result of costs incurred prior to receipt of property taxes.

Note 13 - Subsequent Events:

On August 15, 2005, the City issued \$200,000 of general obligation corporate purpose notes for street and storm sewer improvements. The notes bear interest at the rate of 3.49%. Final maturity is June 1, 2010.

On December 5, 2005, the City issued \$1,500,000 of revenue notes for the construction of a fiber optics telecommunications system. The notes bear interest at the rate of 5.53%. Final maturity is December 31, 2006. However, terms of the note provide for renewal and an extended maturity date of December 31, 2015, if all payments are made.

Note 14 - Prior Period Adjustment:

During the year, it was determined the DARE program funds should be included in the City's financial statements. The prior period adjustment increases the fund balance of the General Fund by the balance of the DARE program funds at July 1, 2004.

Note 15 - Restatement:

It has been determined the TIF Development Fund reported as a Debt Service Fund at June 30, 2004, would be more appropriately classified as a Special Revenue Fund and combined with the TIF District Fund. The result of this change is to decrease the beginning fund balance of the TIF District Fund by \$1,200. This is the amount of the deficit in the TIF Development Fund at July 1, 2004.

Note 16 - Component Unit:

The Bellevue Economic and Tourism Association (BETA) is a component unit of the City of Bellevue. Following is a summary of the terms and conditions of BETA's loans:

Loans to various community businesses:

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

Note 16 - Component Unit: (Continued)

	Balance Beginning of Year	New Loans	Payments Received	Balance End of Year
John Herrig	\$ 100,000	\$ ---	\$ 10,000	\$ 90,000
Whathelps, Inc.	65,984	---	---	65,984
Potter's Mill	39,531	---	8,932	30,599
	-----	-----	-----	-----
	\$ 205,515	\$ ---	\$ 18,932	\$ 186,583
	=====	=====	=====	=====

John Herrig - dated December 1, 2004, interest and principal in the amount of \$5,534 at 3% is due semi-annually beginning June 1, 2005, until December 1, 2009, when the interest rate and payment amount will be adjusted, secured by a real estate mortgage. Final payment is due December 1, 2014.

\$ 90,000
=====

Whathelps, Inc. - dated November 1, 2000, interest at 4.75%, principal and interest are due November 1, 2006, secured by personal guarantees. The balance of this note along with accrued interest of \$9,403 was refinanced July 1, 2005.

\$ 65,984
=====

Daryll and Carolyn Eggers, D/B/A Potter's Mill - dated March 18, 2002, interest at 2.00% and will be adjusted annually. Principal and interest payments of \$10,724 are due the 18th day of each March, unsecured. Final payment is due March 18, 2007.

\$ 30,599
=====

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS) -
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2005**

	Governmental Funds Actual	Proprietary Funds Actual	Net	Budgeted Amounts		Final to Net Variance
	-----	-----	-----	Original	Final	-----
Receipts:						
Property tax	\$ 498,867	\$ ---	\$ 498,867	\$ 519,590	\$ 519,590	\$ (20,723)
Tax increment financing collections	66,993	---	66,993	66,685	66,685	308
Other city tax	141,572	---	141,572	168,705	168,705	(27,133)
Licenses and permits	9,760	---	9,760	7,600	7,600	2,160
Use of money and property	19,623	19,176	38,799	1,050	1,050	37,749
Intergovernmental	430,717	31,187	461,904	245,106	245,106	216,798
Charges for services	27,336	2,806,280	2,833,616	2,799,811	2,799,811	33,805
Miscellaneous	95,226	74,879	170,105	70,250	70,250	99,855
	-----	-----	-----	-----	-----	-----
Total Receipts	\$ 1,290,094	\$ 2,931,522	\$ 4,221,616	\$ 3,878,797	\$ 3,878,797	\$ 342,819
	-----	-----	-----	-----	-----	-----
Disbursements:						
Public safety	\$ 358,504	\$ ---	\$ 358,504	\$ 389,363	\$ 389,363	\$ 30,859
Public works	336,235	---	336,235	352,514	352,514	16,279
Culture and recreation	373,284	---	373,284	226,019	226,019	(147,265)
Community and economic development	12,630	---	12,630	6,000	6,000	(6,630)
General government	259,011	---	259,011	260,504	260,504	1,493
Debt service	182,654	---	182,654	172,100	172,100	(10,554)
Business type activities	---	2,719,483	2,719,483	2,474,662	2,474,662	(244,821)
	-----	-----	-----	-----	-----	-----
Total Disbursements	\$ 1,522,318	\$ 2,719,483	\$ 4,241,801	\$ 3,881,162	\$ 3,881,162	\$ (360,639)
	-----	-----	-----	-----	-----	-----

See accompanying independent auditor's report.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS)-
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2005**

	Governmental Funds Actual	Proprietary Funds Actual	Net	Budgeted Amounts		Final to Net Variance
	-----	-----	-----	-----	-----	-----
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ (232,224)	\$ 212,039	\$ (20,185)	\$ (2,365)	\$ (2,365)	\$ (17,820)
Other Financing Sources (Uses), Net	341,847	(280,459)	61,388	---	---	61,388
	-----	-----	-----	-----	-----	-----
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	\$ 109,623	\$ (68,420)	\$ 41,203	\$ (2,365)	\$ (2,365)	\$ 43,568
	-----	-----	-----	-----	-----	-----
Balances Beginning of Year	\$ 629,531	\$ 868,178	\$ 1,497,709	\$ 1,943,872	\$ 1,943,872	\$ (446,163)
Prior Period Adjustment	4,466	---	4,466	---	---	4,466
	-----	-----	-----	-----	-----	-----
Balances, Beginning of Year, as Restated	\$ 633,997	\$ 868,178	\$ 1,502,175	\$ 1,943,872	\$ 1,943,872	\$ (441,697)
	-----	-----	-----	-----	-----	-----
Balances End of Year	\$ 743,620	\$ 799,758	\$ 1,543,378	\$ 1,941,507	\$ 1,941,507	\$ (398,129)
	=====	=====	=====	=====	=====	=====

See accompanying independent auditor's report.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING**

JUNE 30, 2005

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund.

During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the culture and recreation, community and economic development, debt service, and business type activities functions.

**OTHER
SUPPLEMENTARY
INFORMATION**

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

	Special Revenue						Capital Projects	
	Road Use Tax	Employee Benefits	TIF District	LOT - Street Improvement	Fire Department Gift Fund	Debt Service	Park Improvement	Total
Receipts:								
Property tax	\$ ---	\$ 39,201	\$ ---	\$ ---	\$ ---	\$ 56,754	\$ ---	\$ 95,955
Tax increment financing collections	---	---	66,993	---	---	---	---	66,993
Other city tax	---	---	---	70,786	---	---	---	70,786
Use of money and property	---	236	---	1,925	---	994	465	3,620
Intergovernmental	195,393	---	---	---	---	2,333	---	197,726
Miscellaneous	---	---	---	2,905	21,135	---	36,072	60,112
Total Receipts	\$ 195,393	\$ 39,437	\$ 66,993	\$ 75,616	\$ 21,135	\$ 60,081	\$ 36,537	\$ 495,192
Disbursements:								
Operating:								
Public safety	\$ ---	\$ ---	\$ ---	\$ ---	\$ 24,396	\$ ---	\$ ---	\$ 24,396
Public works	202,963	---	---	72,033	---	---	---	274,996
Culture and recreation	---	---	---	---	---	---	13,821	13,821
Debt service:								
Principal	---	---	26,661	---	---	104,905	---	131,566
Interest and fiscal charges	---	---	1,674	---	---	10,756	---	12,430
Developer agreements	---	---	38,658	---	---	---	---	38,658
Total Disbursements	\$ 202,963	\$ ---	\$ 66,993	\$ 72,033	\$ 24,396	\$ 115,661	\$ 13,821	\$ 495,867
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ (7,570)	\$ 39,437	\$ ---	\$ 3,583	\$ (3,261)	\$ (55,580)	\$ 22,716	\$ (675)
Other Financing Source (Uses):								
Sale of Capital assets	\$ ---	\$ ---	\$ ---	\$ 9,000	\$ ---	\$ ---	\$ ---	\$ 9,000
Operating transfers in	---	---	---	---	---	66,479	---	66,479
Operating transfers out	---	(39,437)	---	(20,099)	---	---	---	(59,536)
Total Other Financing Sources (Uses)	\$ ---	\$ (39,437)	\$ ---	\$ (11,099)	\$ ---	\$ 66,479	\$ ---	\$ 15,943

See accompanying independent auditor's report.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

	Special Revenue						Capital Projects	
	Road Use Tax	Employee Benefits	TIF District	LOT - Street Improvement	Fire Department Gift Fund	Debt Service	Park Improvement	Total
Net Change in Cash Balances	\$ (7,570)	\$ ---	\$ ---	\$ (7,516)	\$ (3,261)	\$ 10,899	\$ 22,716	\$ 15,268
Cash Balances Beginning of Year	77,233	---	(19,845)	34,020	4,207	43,536	20,931	160,082
Cash Balances End of Year	\$ 69,663	\$ ---	\$ (19,845)	\$ 26,504	\$ 946	\$ 54,435	\$ 43,647	\$ 175,350
	=====	=====	=====	=====	=====	=====	=====	=====
Cash Basis Fund Balances:								
Unreserved:								
Special revenue funds	\$ 69,663	\$ ---	\$ (19,845)	\$ 26,504	\$ 946	\$ 54,435	\$ ---	\$ 131,703
Capital projects fund	---	---	---	---	---	---	43,647	43,647
	-----	-----	-----	-----	-----	-----	-----	-----
Total Cash Basis Fund Balances	\$ 69,663	\$ ---	\$ (19,845)	\$ 26,504	\$ 946	\$ 54,435	\$ 43,647	\$ 175,350
	=====	=====	=====	=====	=====	=====	=====	=====

See accompanying independent auditor's report.

SCHEDULE "2"

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES -
NONMAJOR PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

	Electric- Capital Equipment	Sewer Capital	Ambulance Gift Fund	Customer Deposits	Total
	-----	-----	-----	-----	-----
Operating Receipts:					
Miscellaneous	\$ ---	\$ ---	\$ ---	\$8,295	\$ 8,295
Operating Disbursements:					
Business type activities	194,295	---	36,093	6,719	237,107
	-----	-----	-----	-----	-----
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	\$ (194,295)	\$ ---	\$ (36,093)	\$ 1,576	\$ (228,812)
	-----	-----	-----	-----	-----
Non-Operating Receipts (Disbursements):					
Intergovernmental	\$ ---	\$ ---	\$ 1,926	\$ ---	\$ 1,926
Interest on investments	2,437	1,108	18	206	3,769
Contributions	---	---	28,762	---	28,762
Interfund debt repayment	24,089	---	---	---	24,089
Debt service:					
Principal	---	(130,000)	---	---	(130,000)
Interest and fiscal charges	---	(72,908)	---	---	(72,908)
	-----	-----	-----	-----	-----
Total Non-Operating Receipts (Disbursements)	\$ 26,526	\$ (201,800)	\$ 30,706	\$ 206	\$ (144,362)
	-----	-----	-----	-----	-----
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ (167,769)	\$ (201,800)	\$ (5,387)	\$ 1,782	\$ (373,174)
	-----	-----	-----	-----	-----
Other Financing Sources (Uses):					
Operating transfers in	---	202,108	---	---	202,108
	-----	-----	-----	-----	-----
Net Change in Cash Balances	\$ (167,769)	\$ 308	\$ (5,387)	\$ 1,782	\$ (171,066)
	-----	-----	-----	-----	-----
Cash Balances Beginning of Year	192,883	921	11,894	15,874	221,572
	-----	-----	-----	-----	-----
Cash Balances End of Year	\$ 25,114	\$ 1,229	\$ 6,507	\$ 17,656	\$ 50,506
	=====	=====	=====	=====	=====
Cash Basis Fund Balances:					
Unreserved Cash Basis Fund Balances	\$ 25,114	\$ 1,229	\$ 6,507	\$ 17,656	\$ 50,506
	=====	=====	=====	=====	=====

See accompanying independent auditor's report.

SCHEDULE "3"

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2005**

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
General Obligation Notes:									
Sewer Improvement Note: Bankers Trust	January 1, 2000	4.70%-5.60%	\$ 400,000	\$ 260,000	\$ ---	\$ 30,000	\$ 230,000	\$ 13,923	\$ ---
Fire Truck Note: Bellevue State Bank	May 10, 1999	4.15%	200,000	110,494	---	20,322	90,172	4,376	---
Fire Station Note: Maquoketa Valley Electric Cooperative	July 23, 2001	---	102,467	81,974	---	20,494	61,480	---	---
Community/Senior Center Note:	December 29, 2003	3.19%	200,000	200,000	---	40,000	160,000	6,380	---
Total General Obligation				\$ 652,468	\$ ---	\$ 110,816	\$ 541,652	\$ 24,679	\$ ---
Revenue Notes:									
Sewer	February 1, 1999	4.10%-5.00%	1,700,000	\$1,245,000	\$ ---	\$ 100,000	\$1,145,000	\$ 58,185	\$ ---
Urban Renewal Tax Increment Financing Note:									
Bellevue State Bank	January 30, 1998	4.74%	219,000	\$ 40,949	\$ ---	\$ 26,661	\$ 14,288	\$ 1,674	\$ ---
Other Obligations:									
General Fund - Interfund Loan	February 1, 2004	---	240,886	\$ 216,797	\$ ---	\$ 24,089	\$ 192,708	\$ ---	\$ ---

See accompanying independent auditor's report.

SCHEDULE "3"

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**BOND AND NOTE MATURITIES
JUNE 30, 2005**

Year Ending June 30	General Obligation Notes									Urban Renewal Tax Increment Financing Note		Revenue Note	
	Fire Truck		Sewer Improvement		Fire Station		Community/Senior Center			Park and 12 th Street		Sewer Revenue Note	
	Issued May 10, 1999		Issued January 1, 2000		Issued July 23, 2001		Issued December 29, 2003			Issued January 30, 1998		Issued February 1, 1999	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total	Interest Rates	Amount	Interest Rates	Amount
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
2006	4.15%	21,174	5.20%	35,000	.00%	---	3.19%	40,000	96,174	4.74%	14,288	4.40%	105,000
2007	4.15%	22,062	5.25%	35,000	.00%	10,247	3.19%	40,000	107,309			4.45%	110,000
2008	4.15%	22,987	5.30%	35,000	.00%	10,247	3.19%	40,000	108,234			4.50%	115,000
2009	4.15%	23,949	5.40%	40,000	.00%	10,247	3.19%	40,000	114,196			4.60%	120,000
2010		---	5.50%	40,000	.00%	10,247		---	50,247			4.70%	125,000
2011		---	5.60%	45,000	.00%	10,247		---	55,247			4.75%	130,000
2012		---		---	.00%	10,245		---	10,245			4.80%	140,000
2013		---		---		---		---	---			4.90%	145,000
2014		---		---		---		---	---			5.00%	155,000
		-----		-----		-----		-----	-----		-----		-----
Total		\$ 90,172		\$ 230,000		\$ 61,480		\$ 160,000	\$ 541,652		\$ 14,288		\$ 1,145,000
		=====		=====		=====		=====	=====		=====		=====

See accompanying independent auditor's report.

SCHEDULE "5"

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST FOUR YEARS**

	2005	2004	2003	2002
	-----	-----	-----	-----
Receipts:				
Property tax	\$ 498,867	\$ 487,876	\$ 543,041	\$ 557,017
Tax increment financing collections	66,993	67,051	37,085	31,188
Other city tax	141,572	164,223	173,660	144,022
Licenses and permits	9,760	4,803	4,780	8,218
Use of money and property	19,623	66,214	17,434	20,926
Intergovernmental	430,717	262,901	331,270	257,968
Charges for services	27,336	23,310	24,672	25,361
Miscellaneous	95,226	147,064	47,042	48,506
	-----	-----	-----	-----
Total	\$ 1,290,094	\$ 1,223,442	\$ 1,178,984	\$ 1,093,206
	=====	=====	=====	=====
Disbursements:				
Operating:				
Public safety	\$ 358,504	\$ 374,221	\$ 354,078	\$ 309,035
Public works	336,235	292,279	211,154	265,107
Culture and recreation	373,284	552,543	253,251	220,437
Community and economic development	12,630	9,259	18,112	10,544
General government	259,011	259,108	277,566	258,557
Debt service	182,654	199,858	237,793	219,053
Capital projects	---	50,520	---	---
	-----	-----	-----	-----
Total	\$ 1,522,318	\$ 1,737,788	\$ 1,351,954	\$ 1,282,733
	=====	=====	=====	=====

See accompanying independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Bellevue, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated September 13, 2005. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our report included a disclaimer of opinion on the required supplementary information including Management's Discussion and Analysis.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Bellevue's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Bellevue's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items I-A-05, I-B-05, I-C-05, and I-D-05 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bellevue's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards which is described in the accompanying Schedule of Findings as item II-I-05. We also noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2005, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Bellevue and other parties to whom the City of Bellevue may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bellevue during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

O'CONNOR, BROOKS & CO., P.C.

Dubuque, Iowa
September 13, 2005

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2005**

Part I: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

- I-A-05 Segregation of Duties - One important aspect of the internal control over financial reporting is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the individual who reconciles the City's checking account is also authorized to sign checks.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the City should review its control procedures to obtain maximum internal control possible under the circumstances. We recommend that the bank statements continue to be delivered directly to the City Administrator for review before being given to the individual responsible for the account reconciliations.

Response - We will investigate this.

Conclusion - Response accepted.

- I-B-05 Vendors - The City Clerk is able to add new vendors to the City's records without prior approval of the City Council.

Recommendation - The City should require preapproval of the City Council for all additions to the City's vendor listing.

Response - We will investigate ways to implement this change.

Conclusion - Response accepted.

- I-C-05 Library Donation - During the fiscal year, the City received a \$15,000 gift for the library from an estate that was not receipted into the City's records.

Recommendation - This gift has been included in these financial statements, however, the City should also include the receipt of the gift in their records.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2005**

Part I: Findings Related to the Financial Statements: (Continued)

Response – In the future, all receipts will be included in the City's records.

Conclusion – Response accepted.

- I-D-05 DARE Funds – A city police officer raises money for the DARE program and maintains control of the funds. The receipts and disbursements have been included in these financial statements; however, they have not been recorded in the City's records.

Recommendation – These funds should be recorded and controlled in the same manner as other City funds in order to ensure they are properly accounted for.

Response – In the future, we will control and record these funds in the City's records.

Conclusion – Response accepted.

- I-E-05 Bank Accounts – Several organizations are using the City's federal identification number for banking purposes.

Recommendation – Only accounts that are owned and controlled by the City should be reported under the City's federal identification number. Use of this number by other organization could create confusion as to ownership of funds. The City should request these other organizations to obtain their own federal identification numbers and to no longer use the City's.

Response – We will request the organizations to stop using the City's federal identification number.

Conclusion – Response accepted.

Part II: Other Findings Related to Statutory Reporting:

- II-A-05 Official Depositories - A resolution naming official depositories has been adopted by the City Council. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2005**

Part II: Other Findings Related to Statutory Reporting: (Continued)

II-B-05 Certified Budget - Disbursements during the year ended June 30, 2005, exceeded the amounts budgeted in the culture and recreation, community and economic development, debt service, and business type functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation - The budget should have been amended in sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

II-C-05 Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-D-05 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-E-05 Business Transactions - No business transactions between the City and City officials or employees were noted.

II-F-05 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-G-05 Council Minutes - Although minutes of council proceedings were published, not all were published within fifteen days as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation - The City should comply with the Code of Iowa and publish minutes as required.

Response - We will publish minutes as required.

Conclusion - Response accepted.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2005**

Part II: Other Findings Related to Statutory Reporting: (Continued)

II-H-05 Revenue Note - The provisions of the revenue note appear to have been met.

II-I-05 Deposits and Investments - During the fiscal year, the City invested money in the Maquoketa Area Foundation. In June, the City transferred the money from the Maquoketa Area Foundation to Birdies for Charity. Chapters 12B and 12C of the Code of Iowa do not permit these types of investments. The investments the Foundation is allowed to make may go beyond the type of investments a city is allowed to invest in. A city cannot invest public money indirectly in a manner in which it cannot invest the funds directly.

Recommendation - The City should invest public funds in accordance with Chapter 12B and 12C of the Code of Iowa. The City should liquidate all prohibited investments. In addition, the City may want to consult with its attorney regarding the legality of the transfer of funds to Birdies for Charity.

Response - We will liquidate all prohibited investments and consult with our attorney regarding the transfer of funds to Birdies for Charity.

Conclusion - Response accepted.

II-J-05 Telecommunication Services - No instances of noncompliance with Chapter 388.10 of the Code of Iowa were noted.

II-K-05 Annual Financial Report - The Annual Financial Report does not agree in total to the financial statements. In addition, there are several variances in the receipts and disbursements line items.

Recommendation - The City should contact the Auditor of State to determine what corrections are necessary.

Response - In the future, we will be more diligent in our preparation of the Annual Financial Report. We will contact the Auditor of State to determine the necessary corrections.

Conclusion - Response accepted.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2005**

Part II: Other Findings Related to Statutory Reporting: (Continued)

II-L-05 Financial Condition - The TIF District Fund had a deficit balance at June 30, 2005, in the amount of \$19,845.

Recommendation - The City should investigate alternatives to eliminate the deficits in this fund in order to return the fund to a sound financial position.

Response - We will investigate alternatives to eliminate the deficit balance.

Conclusion - Response accepted.

II-M-05 Gifts - As part of the City's investment in Birdies for Charity, a City employee received several VIP passes, parking passes, and tickets to the 2005 John Deere Classic golf event. This gift appears to be in violation of Chapter 68B.22 of the Code of Iowa which prohibits public officials, employees, candidates and the immediate family members of all of the preceding from accepting gifts from "restricted donors".

Recommendation - The City should review and consider Chapter 68B.22 of the Code of Iowa before accepting any gifts from "restricted donors".

Response - We will review all future gifts for propriety in regard to Chapter 68B.22 of the Code of Iowa.

Conclusion - Response accepted.